

# ABC Implementation Plan for the Contracting Process

## Section I: Define the Business Area

### 1.01.1 Description

1.011 Business Area Name: Deputy Assistant Secretary of Army, Procurement, SAAL-ZP

1.012 Address: Suite 302, Bldg. 5119, 5109 Leesburg Pike, Falls Church, VA 22041-3201

1.013 HQ POC: Dr. Kenneth J. Oscar, SES; email, kenneth.oscar@saalt.army.mil  
Comm 703 695-2488, FAX (703) 695-9386.

### 1.02 Mission Statement:

Provide complete range of supply, service, weapons systems and logistical spares contracting needed to support the strategic and tactical mission of the US Army.

### 1.03 Organizational Structure

Contracting policy and authority flow hierarchically from the Secretary of the Army down to the contracting officer. The Assistant Secretary of the Army for Acquisition, Logistics & Technology passes this contracting authority to the function responsible for providing contracting support– the Deputy Assistant Secretary for Procurement (DASA(P). The DASA(P) passes contracting authority to and monitors the activities of the Principal Assistants Responsible for Contracting (PARC) assigned to each MACOM staff. The PARCs designate, monitor and oversee operations of the Directors of Contracting who are responsible to accomplish all actions required to provide the contracting support outlined above.

### 1.031 Number of employees (Total by End Strength Mil/Civ)

FY 2000 TDA (Army Fact Book)						
MACOM	PROCUREMENT SERIES			OTHERS	TOTAL CIV	MIL
	<u>1102</u>	<u>1105</u>	<u>1106</u>			<u>51C</u>
AMC	2098	60	198	200	2504	35
NGB	237	17	51	6	321	15
DSS-W	122	0	0	0	131	5
FORSCOM	487	17	38	11	572	5
INSCOM	28	0	0	5	33	1

MDW	79	5	3	13	112	1	
MEDCOM	135	31	21	25	220	6	
USAMRMC	49	0	10	0	74	1	
MTMC	68	5	0	2	75	2	
SMDC	60	3	3	1	67	1	
TRADOC	262	58	38	35	377	9	
USACCE	239	16	20	48	332	3	
USACE	839	166	79	800	1722	16	
USARCENT	4	0	0	1	5	7	
USARPAC	63	2	7	9	81	4	
USARSO	30	0	4	7	41	4	
USACCK	91	4	0	0	95	7	

### 1.032 Management Structure/Chain of Command

Contracting organization undergoing major revision.

### 1.033 Organizational Chart (By location)

Contracting organization undergoing major revision.

### 1.04 Business Area funding sources (Provide last 3 years of funding by NAF, APF, Obligation Authority)

See attached Excel spreadsheet containing Army contracting activities response to DASA(P) datacall.

### 1.05 Products and services

Execution of supply, services, weapons systems and spares contractual arrangements to support Program Managers/Program Executive Officers and all installation and deployed units.

### 1.06 Major Customers

Program Managers, Program Executive Officers, Installation Director of Public Works, Installation Management activities, Logistic/unit supply activities and Hospital Commanders.

## **Section II: Baseline your Cost Management/ABC efforts**

2.01 Overview of your current Business Area Cost Management/ABC initiatives if any (include location, size, purpose, software, and POC, etc.) (explain your existing Cost Management program, ABC/M or otherwise)

2.011 Current ABC efforts.

Forces Command (FORSCOM), as a Command, has over four years experience implementing ABC/M for the installation contracting business process. At the present time four FORSCOM Director of Contracting offices have developed models and are actively practicing and participating in ABC Management at their respective locations. The remaining Army installation contracting activities report differing stages of implementation from having one office fully engaged, to preparing to implement command wide, to no active ABC/M usage.

AMC efforts: HQ, OSC reported that they began collecting ABC data by process, activity and customer in October, 2000. Data has not been used to manage. No other ABC efforts were reported. However, it was noted that the R3/Infrastructure that was selected for the Wholesale Logistics Modernization Program includes an ABC/M module.

2.012 Existing MIS used to manage costs (Enter title of any Management Information System which your activity may be using)

At present time AMC uses the Standard Operation Maintenance Army Research Development System (SOMARDS). The Corps of Engineers use the Corps of Engineers Financial Management System (CEFMS). Remaining MACOMS either use DFAS provided Standard Financial System (STANFINS) data or have no other MIS available to them.

2.013 Other Cost Measurement methodology (Job Order, Process, Target, etc.)

Other AMC cost systems utilized: The following were reported by one or more of the AMC Major Subordinate Commands (MSC).

- Manage to budget execution profiles
- R&A quarterly management reviews
- Trend analysis
- Job Order

FORSCOM queries the Standard Procurement System (SPS), the automated contracting system, to obtain various metric data: Contract Administrative Lead Time, dollars obligated per person, average obligation value per action, etc. Remaining MACOMS have no other Cost Measurement methodology.

## 2.014 Software used

Data is obtained from the Standard Procurement System (SPS) database and the Procurement Automated Document Distribution System (PADDS).

## 2.02 Assessment of Employee Cost Management skills

### 2.021 Management Level Skills Trained to do ABC

AMC's response to data call indicates: One individual from TACOM. Other AMC MSCs reported None. In February 2002 AMC MSCs will have designated representatives attend the ABC/M course contracted and funded by CEAC. Each MSC will fund its own TDY costs. Representatives from HQ AMC will also attend.

FORSCOM reports only two individuals trained at management level: an office Chief and an office Division Chief.

The USA Medical Research Acquisition Activity is actively participating as part of the USA Medical Research and Materiel Command wide ABC/M implementation effort. They have five management level personnel trained to execute ABC/m efforts.

TRADOC's Ft. Huachuca has six management personnel formally trained and presently modeling within their contracting activity.

Additional training of PARC POCs and Contracting Activity POCs will be required.

### 2.0211 Number with ABC training (Certification)

AMC's response to data call indicates: One reported by TACOM. Remaining MSCs reported none.

FORSCOM reports three individuals have received formal ABC training, one manager and two midlevel specialists.

TRADOC reports one individual at Headquarters level has formal ABC training.

### 2.0212 Number with On the Job Training

AMC's response to data call indicates: One reported by TACOM. Other MSCs reported none.

FORSCOM reports four individuals have received OJT.

TRADOC's Ft. Huachuca and the USAMRAA both have numerous personnel who have received OJT on the ABC process.

### 2.022 Staff level Cost Management Skills Trained to do other CM methodologies

Expertise level reported for other Cost Management skills, other than Service Based Costing, is minimal to nonexistent throughout Army contracting activities.

## 2.03 Existing Cost Accounting Systems

### 2.031 Location

AMC and USACE 's systems are internal; FORSCOM, TRADOC and MEDCOM's systems are external.

### 2.032 Type System

Input from AMC indicates all of their MSCs reported using SOMARDS. Other sources of data include CCSS and MOCAS.

The Corps of Engineers uses CEFMS. FORSCOM, TRADOC and MEDCOM use STANFINS data provided by DFAS. Remaining MACOMS report no internal cost accounting system.

### 2.033 Methodology

### 2.034 Does it feed a Cost Management or Decision Support System?

In the majority of MACOMs there is little to no usage of the data to feed a Cost Management or Decision Support System.

## 2.04 Describe Current Performance Management System(s).

### 2.041 What performance metrics do you use?

HQ, AMC prescribes metrics for its MSCs to report quarterly. These include Acquisition and Production Lead Time, Contract Delinquencies, and Actual Dollar Obligations versus Planned. In addition to HQ, AMC prescribed metrics, MSCs manage their process efficiencies and quality using a wide variety of local metrics which include, among others, customer feedback surveys, competition, small business utilization, commercial items, and credit card purchases. In the contracting office, cost efficiency is a bi-product of process management.

FORSCOM and several of the remaining MACOM PARCs and their DOCs have similar metrics in that they measure Contract Administrative Lead Time (CALT), socioeconomic goals, contractor performance, competition rate, customer education and satisfaction surveys, percentage of professional workforce DAWIA certifications at the various levels, etc.

TRADOC's Ft. Huachuca has developed their own internal metrics to feed their ABC model development.

The USAMRAA has developed metrics based on dollars obligated and actions per specialist.

2.042 How do you use your performance metrics to manage?

Management at both PARC and DOC level monitor these metrics and if downward trends or lack of progress is evident, reviews are performed on the particular area identified and corrective action implemented.

2.043 How and what performance measures support the GPRA?

All metrics/performance measures associated with the contracting business process support the GPRA by increasing office effectiveness, efficiency, and thereby meeting customer's needs and expectations.

12.044 Are your performance measures aligned with your cost management systems?

To a limited degree within FORSCOM, but for the most part, they are not aligned at present. We anticipate, upon finalization of ABC/M implementation, to have a complete cost management/performance enhancement process in place.

**Section III: Describe Full Implementation of Cost Management / ABC (Based on the Army's Strategic Cost Management Plan (Appendix A) describe your vision for implementation)**

3.01 Describe your end-state vision for Cost Management/ABC (From both Strategic and Operational Perspective).

Our goal is to develop the most efficient and cost effective acquisition system capable of sustaining the Warfighter and the attendant logistic support system on a global basis. Individual contracting activities will utilize the latest electronic commerce technology to provide comprehensive support in minimum time. This electronic technology will also provide the structure for ABC modeling and, eventually, the tracking of costs and time management.

3.011 Cost Management (How will you use Cost Management to drive continuous cost and process improvement? How will you create a cost management culture?)

Cost management will be a byproduct of the business process improvements and resultant reduction of overall contracting processing time. We will endeavor, funding permitting, to incorporate a record keeping function into the existing automated request/purchase action tracking system to provide a seamless and transparent cost management process. The ASA(ALT) Knowledge Management website will be utilized to both publicize our efforts and provide all PARCs with capability to acquire and share knowledge of their individual and collective ABC

modeling and cost management efforts. An ABC Community of Practice will be established on the site for this purpose.

3.012 ABC (If ABC is cost measurement choice, how will it be used – cost / product improvement, A-76 support, Pricing, etc? And how will you report with it?)

ABC will be used to identify possible business process improvements that may or may not require statutory changes to implement. The contracting function has been determined to be “inherently governmental” and, as such, is not subject to A-76 studies.

3.013 Performance Measurement for Management (Will you incorporate performance measures with the Balanced Scorecard? Show linkages of operational performance measures to Business Area Strategic Objectives.)

Decision to incorporate our performance measures will be made as the different ABC contracting activity models mature and more definitive measures are made possible. Our Strategic Objective of providing the most efficient support to the Warfighter is presently measured by tracking Contract Administrative Leadtime and Management to Budget Execution Profiles. Additional metrics are listed under Para. 2.041.

3.014 Quality Program (Will your performance measures support your APIC program or other if you have one?)

Yes. ABC models will provide the DASA(P) Review and Assistance team with a clear understanding of the scope and business flow of the contracting organizations they review. For the MACOMS, AMC in particular, business process improvements should contribute to the enhancement and refinement of their existing Quality Assurance/Evaluation program.

3.02 Describe how your Cost Management / ABC program will be integrated vertically and horizontally (in your reporting / authority responsibility).

The involvement of Army contracting management will begin with the PARC at the top and extend down to the ABC monitor appointed in each individual Director of Contracting office. The MACOM PARC staff will be responsible for comparing models and output results between their own offices. The ASA(ALT) Knowledge Management website will be established for the PARCs to interact and compare models of the other PARC organizations.

3.03 Provide Statement of Cost Management Goals and Objectives.

The goal of Cost Management will be to establish and obtain accurate accounting of costs of services to provide contracting support in all contracting environments.



This determination of contract support costs will enable the Army to further refine its contracting structure.

**Section IV: Describe Plan to Get from Baseline to Full Implementation (Describe your procedures to achieve implementation at the strategic and operational level.)**

**4.01 Describe your Strategic and Operational Level Plans as follows:**

**4.011 Goals and Objectives for Implementation**

The goal is to develop the most efficient system of providing contracting support to the Warfighter using present technology while allowing for improvements enabled by future technological advances. Provide contracting managers at PARC level and below with management capability to identify those offices which are deviating from the norm. Tentative deployment plan will have FORSCOM and TRADOC and all other Army contracting activities involved with Installation type contracting being ranked according to present ABC skills and implementation. Both training and implementation timelines will flow from this ranking. Concurrently, AMC contracting activities involved with weapons systems and spares contracting and Space and Missile Defense Command (SMDC) (involved with R&D contracting) will be similarly ranked. Pilot sites will be selected from both groups and modeling will be initiated. Implementation plan details for AMC cannot be provided until training is complete and pilot site modeling is started.

**4.012 Concept of Operations (include methodologies for managing cost)**

PARCs will coordinate with their respective MACOM HQ staff ABC offices to maintain currency in ABC developments and provide assistance in form of providing contract cost data to other MACOM staff managers in monitoring and modeling their functions.

PARC ABC function will monitor model development at the DOC level and provide training and assistance as needed on individual installation basis. As models become finalized, cost data can be monitored for process improvement and budgeting purposes.

DOCs will develop their models individually and collectively with emphasis on process and resource identification. DOCs will provide contract cost information to other installation support activities to assist them in developing their ABC model development and cost gathering efforts.

**4.013 Size and Scope**

Every Army contracting activity, with the possible exception of the National Guard, will be involved with implementing ABC/M. Each MACOM PARC will establish an ABC model for their contracting activities to use by either modifying an existing model or conducting their own pilot test. These models will be monitored on a



command-wide basis and adjusted until the most efficient model for that particular MACOM's contracting function and mission is achieved.

#### 4.014 Roles and Responsibilities

HQDA, SAAL-PA will be involved in the planning for ABC/M deployment and coordination with CEAC for software and training requirements. During deployment, will act as the clearing-house for questions on ABC/M and training needs.

MACOM PARCs will establish an ABC/M point of contact for deployment and monitoring modeling development within their respective DOCs. PARC POC will also coordinate with their MACOM ABC/M POC, normally the RM, on all ABC/M matters.

Individual DOCs will, upon completion of training, begin their model development. DOC POCs will respond to their respective PARC with modeling status and other information as requested by their respective PARCs.

#### 4.015 Implementation schedule

Project plan is enclosed. Projects deployment completion by October 7 2002.

#### 4.016 Identify any planned prototypes.

Models developed by present FORSCOM users (four sites) and TRADOC will be reviewed by CEAC for completeness and then distributed throughout FORSCOM, TRADOC and other MACOM PARCs for their use in developing their own models. Rapid modeling assistance will be needed by AMC to facilitate initial pilot site deployment.

#### 4.017 Describe proposed initial training program – in outline format. (How many to be trained? How will training resources be leveraged i.e. train-the-trainer, etc.?).

19 MACOMS, estimated ten per MACOM. Train the trainer will be implemented where the MACOM can identify an individual with an ABC background or experience. The present ABC training is considered to be too intense for an inexperienced individual to become proficient enough in one week to provide or facilitate ABC training at their home station.

#### 4.018 Identify software requirements (Software to be centrally procured).

Approximately 200 user permits/licenses will be required, subject to changes brought about by contracting reorganization.

#### 4.019 Define criteria for assessing ABC as cost measurement tool.

Assess results from pilot operation and determine if the expected results of reducing the contract lead-time and a determination of actual costs to execute the various contractual agreements are realized.

#### 4.02 Performance Measures

HQ, AMC prescribes metrics for its MSCs to report quarterly. These include Acquisition and Production Lead Time, Contract Delinquencies, and Actual Dollar Obligations versus Planned. In addition to HQ, AMC prescribed metrics, MSCs manage their process efficiencies and quality using a wide variety of local metrics which include, among others, customer feedback surveys, competition, small business utilization, commercial items, and credit card purchases. In the contracting office, cost efficiency is a bi-product of process management.

FORSCOM queries the Standard Procurement System (SPS), the automated contracting system, to obtain various metric data: Contract Administrative Lead Time, dollars obligated per person, average obligation value per action, etc. Remaining MACOMS have no other Cost Measurement methodology. and activity unit costs analysis

#### 4.021 Describe how you will develop performance metrics.

Metrics will be developed and finalized during pilot site testing/model development. Should the above preliminary metrics not be sufficient, additional metrics will be developed.

#### 4.022 How will performance be measured and evaluated?

A successful implementation will show a reduction in costs to operate the contracting function with a corresponding increase in volume of actions due to an increase in its customer base resulting from satisfaction with the support provided. The reduction in costs should also lead to a measurable reduction in the number or size of unfunded requirements due to reallocation of resources

#### 4.024 How will the performance measures be linked to strategic goals and objectives (i.e. Balance Scorecard or other)?

Our strategic objective is to develop the most efficient contracting support organization possible while maintaining the flexibility to accommodate future mission changes with a minimum amount of impact. As contracting business process efficiencies are realized, and documented cost data becomes available future budget submissions and/or requests for supplemental funding will be more

defensible. Efficient contracting will increase customer satisfaction and the number of customers in a classic Balanced Scorecard scenario.

4.03 Indicate how your Cost Management /ABC program will be sustained and improved.

A Knowledge Management website will be established to facilitate a cross feed of modeling and business process change information. PARCs will be able to access this site and compare their current efficiencies with similar activities across the Army contracting organization.

4.04 Explain how you will provide training support for: model building, implementation, and sustainment (In-house, AAA, or contractor support, etc.).

Plan calls for CEAC sponsored ABC Technologies, Inc rapid modeling support in order to establish initial piloting efforts. Additionally, we will leverage the existing FORSCOM and TRADOC expertise as much as possible and supplement with other contractor support should the training provided by CEAC prove inadequate to implement ABC in an expeditious manner.

## **Section V: Special Considerations:**

5.01 List Business Area unique requirements (software/hardware/training).

All ABC POCs at MACOM PARC and DOC offices will require training (estimated 150 to 200 personnel). An estimated 150 to 200 sets of software/users licenses will be necessary. This does not include the 50 National Guard Bureau offices.

5.02 Identify any implementation constraints or obstacles specific to your Business Area.

Organizational changes presently planned but not approved may impact any deployment schedule. Advances in SPS/PD2 technology, resulting in process changes or a change in the contracting automation system in use, may require diversion of ABC implementation resources to deployment of the new/revised automation system.

Additional funding requirements for supplemental training will need to be addressed should CEAC sponsored training prove to be inadequate to provide for timely deployment.

5.03 Specifically describe how your Cost Management/ABC or other Cost Management activities will relate to and support VAMOSC.

Not applicable.

ID	Task Name	Duration	Start	Finish	Predecessors
1	Implement ABC in Army Contracting	323 days?	Thu 7/12/01	Mon 10/7/02	
2	Develop ABC Imp Plan	95 days?	Thu 7/12/01	Wed 11/21/01	
3	Datacall to Parcs	37 days?	Thu 7/12/01	Fri 8/31/01	
4	Compile/analyze data	11 days?	Mon 8/3/01	Mon 9/17/01	3
5	submit plan to CEAC for approval	47 days	Tue 9/18/01	Wed 11/21/01	4
6	Develop Pilot models	64 days?	Tue 12/18/01	Fri 3/15/02	
7	Request pilot site volunteers	14 days	Tue 12/18/01	Fri 1/4/02	
8	Select Pilots	13 days	Thu 12/20/01	Mon 1/7/02	
9	CEAC arranges for Rapid modeling	13 days	Thu 12/20/01	Mon 1/7/02	
10	Alert MACOMS selected	3 days	Tue 1/8/02	Thu 1/10/02	
11	Pilots attend ABC Training	5 days	Mon 1/21/02	Fri 1/25/02	
12	Visit Pilot One to develop model	5 days	Mon 1/28/02	Fri 2/1/02	11
13	Visit Pilot Two to develop model	5 days?	Mon 2/4/02	Fri 2/8/02	12
14	Analyze/finalize models	9 days?	Mon 2/11/02	Thu 2/21/02	13
15	Distribute models to MACOMS	5 days?	Mon 3/11/02	Fri 3/15/02	
16	Begin Pilot Operation	92 days?	Mon 2/4/02	Tue 6/11/02	
17	Verify ABC Factors (Output/Activity/Resources)	5 days?	Mon 2/4/02	Fri 2/8/02	
18	Begin data collection/modeling	87 days?	Mon 2/11/02	Tue 6/11/02	17
19	Deploy ABC to Army Contracting Org.	121 days?	Mon 4/22/02	Mon 10/7/02	
20	Develop deployment schedule	5 days	Mon 4/22/02	Fri 4/26/02	
21	Develop ABC Training schedule	5 days?	Mon 4/22/02	Fri 4/26/02	4
22	Coordinate deployment schedule	24 days?	Mon 4/29/02	Thu 5/30/02	
23	Coordinate training schedule	5 days?	Mon 4/29/02	Fri 5/3/02	20
24	Execute training schedule	80 days	Mon 6/10/02	Fri 9/27/02	21
25	Execute deployment schedule	71 days?	Mon 7/1/02	Mon 10/7/02	

Task	Roll Up Task	Project Summary
Split	Roll Up Split	External Milestone
Progress	Roll Up Milestone	Deadline
Milestone	Roll Up Progress	
Summary	External Tasks	

**ABC Datacall  
Executed Funding for Contracting Process  
\$ In Thousands**

MACOM PARC	Breakout	Contracting Office Expense by Fiscal Year					
		FY 1999		FY 2000		FY 2001	
		Installation	Systems	Spares	Installation	Systems	Spares
AMC (Includes USMA, TECOM)	OMA	7054.00	83293.00	0.00	14786.00	83432.00	0.00
	Procurement						
	Customer (Reimbursable)	0.00	12447.00	0.00	0.00	23915.00	0.00
	Other	6797.00	4079.00	45843.00	6000.00	3742.00	43184.00
AMC Total		13851.00	99819.00	45843.00	20786.00	111089.00	43184.00
AMC total by FY				159513.00		175059.00	
							182417.00
FORSCOM (Includes Army Reserve)	OMA	25265.60	0.00	0.00	25504.30	0.00	0.00
	Procurement						
	Customer (Reimbursable)						
	Other	25265.60	0.00	0.00	25504.30	0.00	0.00
FORSCOM Total					18624.30	0.00	0.00
MDW	OMA	5503.00			5736.00		6040.00
	Procurement						
	Customer (Reimbursable)						
	Other	3.00			2.00		29.00
MDW Total		5506.00	0.00	0.00	5738.00	0.00	6069.00
MEDCOM	OMA	1267.00			1345.00		1166.00
	Procurement						
	Customer (Reimbursable)	387.00			180.00		153.00
	Other	6795.00			8035.00		8808.00
MEDCOM Total		8449.00	0.00	0.00	9560.00	0.00	10127.00
USAMRIID	OMA						
	Procurement						
	Customer (Reimbursable)						
	Other	6793.30	0.00	0.00	7427.95	0.00	4688.23
USAMRIID Total							
TRADOC	OMA	22808.00			27445.00		20228.00
	Procurement						
	Customer (Reimbursable)						
	Other						
TRADOC Total		22808.00	0.00	0.00	27445.00	0.00	20228.00



